

DECISION MEMORANDUM

**TO: COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSIONER KEMPTON
COMMISSION SECRETARY
COMMISSION STAFF**

**FROM: KRISTINE SASSER
DEPUTY ATTORNEY GENERAL**

DATE: NOVEMBER 20, 2008

**SUBJECT: IDAHO POWER'S APPLICATION TO MODIFY ITS RULE H (LINE
EXTENSION) TARIFF RELATED TO NEW SERVICE ATTACHMENTS
AND DISTRIBUTION LINE INSTALLATIONS, CASE NO. IPC-E-08-22**

On October 30, 2008, Idaho Power Company filed an Application with the Commission seeking authority to modify its Rule H tariff relating to new service attachments and distribution line installations and alterations. Specifically, the Company wishes to increase the charges for new service attachments, distribution line installations and alterations. The Company explained that the changes to the tariff would shift installation costs from the general body of ratepayers to new customers requesting construction for these services. The Company requests that the Application be processed by Modified Procedure and that the proposed changes be approved no later than March 1, 2009, to become effective 120 days later.

THE APPLICATION

Idaho Power proposes modifications to its existing Rule H tariff that reorganize sections, add or revise definitions, update charges and allowances, modify refund provisions, and delete the Line Installation Agreements section. Section titles were arranged to more closely reflect the manner in which customers are charged and to better match the arrangement of the Company's cost estimation process. Definitions have been added or revised to provide clarity.

Idaho Power proposes separate sections for "Line Installation Charges" and "Service Attachment Charges." Within the Service Attachment Charges section, Idaho Power separated the overhead and underground service attachments, updated the charges for underground service attachments less than 400 amperages, and outlined the calculation for determining underground service attachment charges greater than 400 amperages. The "Vested Interest Charges" section

was reworded and some definitions were removed. The available options and calculations in this section were not changed. Engineering charges, temporary service attachment charges, and return trip charges were updated in the “Other” Charges section.

The Company asserts that the Line Installation and Service Attachment Allowances section was modified and updated to reflect current costs associated with providing and installing “standard terminal facilities” for single-phase and three-phase service attachments and line installations. Idaho Power proposes one credit allowance toward the cost of terminal facilities and line installations and modifies Company-funded credit allowances inside subdivisions. The Company maintains that these significant revisions to the tariff specifically address the Company’s and Commission’s desire to recover more of the cost for service attachments, distribution line installations, and alterations outside of base rates.

Idaho Power proposes Vested Interest Refunds for subdividers and new applicants inside subdivisions for additional line installations that were not part of the initial line installation.¹ The Company also proposes to change the availability of Vested Interest Refunds from a five-year period to a four-year recovery period and discontinue all subdivision lot refunds.

Idaho Power seeks authority to add a section entitled Relocations in Public Road Rights-of-Way to address funding of roadway relocations required under *Idaho Code* § 62-705. The section would identify when and to what extent the Company would fund roadway relocations. Specifically, this section would outline road improvements for the general public benefit, road improvements for third-party beneficiaries, and road improvements for a joint benefit.

The Company asserts that it has undertaken a special communications effort to advise builders and developers in its service territory of the changes proposed by this Application. The Company requests that the proposed changes to its Rule H tariff be approved no later than March 1, 2009. Idaho Power requests that the Commission’s Order set an effective date 120 days beyond the date of the final Order to allow the Company time to train employees, reprogram computerized accounting systems, and reconstruct internal processes.

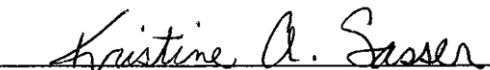
¹ Subdividers and new applicants will continue to be eligible for Vested Interest Refunds outside of subdivisions.

STAFF RECOMMENDATION

Staff has reviewed the Application and recommends that the case proceed by Modified Procedure. Furthermore, Staff recommends that the Commission establish a 14-day intervention deadline. After the deadline for intervention, Staff would convene an informal conference with the parties to discuss discovery and any additional scheduling matters.

COMMISSION DECISION

1. Does the Commission find that the public interest may not require a hearing to consider the issues presented, and that this proceeding may be processed under Modified Procedure?
2. Does the Commission wish to allow a 14-day intervention period?
3. Does the Commission wish for Staff to conduct an informal conference with all parties following the deadline for intervention to establish a schedule?



Kristine A. Sasser
Deputy Attorney General

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